



VA WEATHERIZATION ASSISTANCE PROGRAM

Information Notice 03-2018

TO: ALL WEATHERIZATION SUB-GRANTEES
FROM: NANCY PALMER, HOUSING PROGRAMS MANAGER /
DATE: 08/8/2018
SUBJECT: Buying down and leveraging funds

In recent years, the Department of Energy (DOE) has increased the focus on leveraging activities and specifically, since 2010, allowed a provision to include buy downs for multifamily weatherization in the Program. This provision creates flexibility for programs to install measures that save energy but do not achieve the necessary Savings-to-Investment Ratio (SIR) by allowing the agencies to secure funding to apply to the cost of the measure, bringing down the cost of the measure to meet the SIR requirement.

In an attempt to clarify these allowances, DHCD has compiled some examples to help differentiate between buying down and leveraging funds. Please see the following definitions from DOE and attached FAQs for additional clarification:

Buy Down – aligns with a private interest and the funding source retains the decision-making authority in identifying the building being selected for installation of the measure(s). These can only occur on multifamily properties and in order for measures to qualify for the buy down, the package of measures, (including pre-buy down cost of the measure) must have an SIR ≥ 1.0 .

Leveraged – aligns with the intention of supplementing the weatherization resources and the funding source does not identify specific buildings for the investment. For the purpose of WAP, funds that are considered “leveraged,” indicates the funding source has transferred decision-making authority to the WAP agency to determine which buildings will receive the measure(s). These funds can be used on both single and multifamily units.

Additional information can be found in ***Weatherization Program Notice (WPN) 16-5*** and the corresponding memorandum issued by The Department of Energy on May 10, 2018.

FAQs

What if an owner lives in his own MF property and wants to help pay for a measure? Would this be considered a landlord contribution?

If this is a multifamily unit or duplex, any renter-occupied unit will be eligible for the buy down. The building owner would not be able to fund any measures to be installed in the owner-occupied unit. The owner must contract for those measures independent of WAP.

What if a landlord of a single-family dwelling wants to help pay for a particular measure?

Because a landlord contribution is not required by Virginia, and buy downs are not allowed on single family, this would be considered “leveraged” funds. The decision-making authority now transfers to the subgrantees to direct the funding as they see fit for the job.

If I receive funding from a source outside of WAP (Utility, church, etc.), can we use those funds to help reduce the cost of certain measures?

These are referred to as leveraged funds. These funds can help stretch the budget of WAP providers in order to serve more clients throughout the state. DOE and DHCD highly recommend utilizing these sources of income when possible. These funds can be used on both single family and multifamily projects. The entities providing the funds may or may not have specific goals in mind when allocating these funds but they have transferred over discretionary power to the WAP agency to determine which buildings will receive the additional money.

Can the funding source dictate what measures or services are being purchased with their money?

In the case of a buy down on multifamily, yes, as long as the package of measures (at pre-buy down costs) meets the threshold of ≥ 1.0 SIR. With leveraging, the entity providing the funds can stipulate what types of measures they are willing to pay for but ultimately, the WAP provider is responsible for determining which buildings/units receive the upgrade.

If I am attempting to buy down certain measures, do I enter the real cost of the measure or the reduced cost of the measure into HEAT?

If you are attempting to buy down measures, the cumulative SIR of the package of measures must be ≥ 1.0 and the pre-buy down cost of the measures to be bought down must be used.

If I am using leveraged funds, do I enter the real cost of the measure or the reduced cost of the measure into HEAT?

To help simplify the process, DOE allows WAP subgrantees to enter the discounted or “sale” price of the measures. The discounted costs and origin of the funding source must be documented in the client’s file.

Will DHCD need to review anything related to my agency’s buy down or leveraged funds usage?

Yes. You can only “discount” a measure if it is the last measure (lowest SIR) in a package of measures being installed. If the measure isn’t last on the list, the audit will need to be reviewed on a case-by-case basis by DHCD.